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C O N F I D E N T I A L SECTION 01 OF 08 VIENTIANE 000083

SIPDIS

SIPDIS

STATE FOR EAP DAS SCOT MARCIEL
STATE FOR EAP/MLS (BESTIC)
STATE FOR AIAG (PATTERSON, SUMMERS)
COMMERCE FOR HP PHO
DOD FOR OSD-POLICY (STERN, SHUBERT)
DOD FOR DSCA (JUDKINS)
PACOM FOR J52 (LACY)
PACOM FOR J45 (NICHOLLS)
PACOM FOR POLAD
PACOM FOR PACAF/SGZ (CINCO, OH, PALMER)
BANGKOK FOR ICE (HURST)
BANGKOK FOR AID (KISSINGER)

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TAGS: [EAID](#) [ECON](#) [KHDP](#) [MARR](#) [MASS](#) [MOPS](#) [OTRA](#) [PGOV](#) [PHUM](#)

PREF, PREL, SMIG, SNAR, TBIO, KFLU, KIRF, LA

SUBJECT: SECOND U.S.-LAO COMPREHENSIVE BILATERAL DIALOGUE

REF: A. 06 VIENTIANE 1117

[B](#). 07 VIENTIANE 840

[C](#). 07 VIENTIANE 761

[D](#). 07 VIENTIANE 295

[E](#). ARCHIBALD-BESTIC EMAIL 12/18/2007

[F](#). 07 VIENTIANE 790

[G](#). VIENTIANE 61

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Classified By: AMBASSADOR RAVIC R. HUSO. REASON: 1.5 B AND D

[1](#)1. (SBU) Summary: The second U.S.-Lao Comprehensive Bilateral Dialogue (CBD), led by Department of State East Asia and Pacific Bureau (EAP) Deputy Assistant Secretary (DAS) Scot Marciel on January 25, highlighted the slowly maturing relationship between Laos and the United States. Unlike the previous dialogue (ref A), which included only Lao Foreign Ministry officials, representatives from the Ministries of National Defense, Industry and Commerce, Public Security, Planning and Investment, and Foreign Affairs, as well as officials in the offices responsible for unexploded ordnance clearance and counternarcotics, attended the meeting. DAS Marciel used the Dialogue as an opportunity both to impart our desire to see Laos as a strong, independent, and economically secure actor within ASEAN and to reinforce the need for open bilateral communication. MFA Director General of the Europe and Americas Department Southam Sakonhninhom, in his swan song prior to departure to become Ambassador to the EU, focused on the positive aspects of the relationship, calling cooperation on MIA recovery the cornerstone of the relationship, reiterating the Lao government's intention to exchange defense attaches (ref B), promising to provide additional information on three missing Hmong-Americans (ref C), and appearing to leave the relationship on firm grounds for his successor. END SUMMARY.

Overview

¶2. (SBU) Unlike the previous dialogue (ref A), which included only Foreign Ministry officials on the Lao side, this year's Lao delegation included representatives from the Ministries of National Defense, Industry and Commerce, Public Security, Planning and Investment, and Foreign Affairs, as well as the National Unexploded Ordnance Regulatory Authority and the Lao National Commission for Drug Control (LCDC). Participants on the U.S. side included DAS Marciel, Ambassador Huso, the DCM, Pol/Econ Chief, Economic Officer, Public Affairs Officer, Consular Chief, Joint POW/MIA Accounting Command Detachment 3 Detachment Commander, Narcotics Affairs Section head, Embassy Phnom Penh Defense Attache Col. Michael Norton, and Skip Kissinger, Director of the General Development Office within USAID's Regional Development Mission for Asia in Bangkok.

¶3. DAS Marciel opened with a statement on the U.S. national interest in Laos: we want strong, independent, and prosperous nations in South East Asia; we have a specific interest in having friendly relations with Laos and helping to build prosperity and wealth for its citizens through improved economic ties and more U.S. investment; we would like to develop stronger military ties; we remain committed to continuing cooperation in the "traditional" areas of cooperation (unexploded ordnance (UXO) abatement, POW/MIA accounting, and counternarcotics); and we would like to expand our assistance in health and other areas. Noting that the 2008 U.S. presidential candidates are all using the word "change," Director General (DG) of the Europe and Americas Department Southam Sakonhninhom, who provided most of the comment for the Lao side, responded that he hoped future changes would lead to a broader and better

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relationship. He said the U.S. and Laos have maintained an unbroken diplomatic relationship for 53 years, even through "difficult periods." While cooperation on MIA issues, which started in the early 1980's, continues to be the "cornerstone of the relationship, our ties have expanded to other areas, including counternarcotics, counterterrorism, and trade. The mil-mil area is a new chapter, and the exchange of defense attaches in 2008 is a significant step forward.

¶4. (SBU) Southam noted five points from President Bush's introductory meeting with the Lao Ambassador to the U.S.: The President 1) valued the relationship, 2) looked forward to strengthening ties, 3) appreciated the GOL's cooperation in accounting for missing American soldiers, 4) saluted the GOL's success in eradicating opium, and 5) supported Lao accession to the World Trade Organization (WTO). Southam emphasized that the relationship must be on an equitable basis of mutual respect. He said the USG must avoid a carrot and stick policy and that there should be no "diplomacy through the Internet," meaning that the Embassy should check information with the Government of Laos (GOL) rather than believing Internet reports. In addition, Southam said the MFA should be the point of contact for contacts between the Embassy and other ministries. He good-humoredly admonished his colleagues from other ministries not to ignore meeting and information requests once the MFA passed them on. Ambassador Huso replied that the Embassy maintained contact with a broad range of GOL ministries and offices and recognized the MFA's coordinating role. Both the Ambassador and DAS Marciel emphasized that the timely exchange of accurate information was critical to maintaining an open and transparent relationship.

Fullest Possible Accounting

¶5. (SBU) DAS Marciel expressed appreciation for the GOL's excellent cooperation with the USG and JPAC Detachment Three on POW/MIA recovery and accounting. The recent decision to allow JPAC to work in Houaphan province was a positive step, he said. Ambassador Huso and Det 3 commander Lt. Colonel Brandt Deck requested that DG Southam pass their thanks to the provincial and local officials without whom the work could not go forward. Southam thanked the USG for the humanitarian assistance (HA) it provides and requested additional help for local people. DAS Marciel said the USG would continue to look for promising HA opportunities. Southam said that such help answers those who inevitably ask why the GOL is devoting personnel and resources to assist the USG with MIA recovery when the GOL does not have resources to recover remains of Lao lost during the war. Southam suggested more U.S. and Lao media coverage of the JPAC mission and urged that the Embassy organize a 25th anniversary celebration of MIA recovery activities, which began in December 1983.

Transnational Crime

¶6. (SBU) DAS Marciel congratulated the Lao on their successful efforts against opium production and urged the GOL to expand cooperation with the USG to better address transnational law enforcement issues, including working more closely with the Drug Enforcement Administration office in Vientiane. DAS Marciel noted that trafficking in persons (TIP) is a problem everywhere, and expressed appreciation for the efforts Laos had made to raise its capacity to fight TIP by, for example, beginning

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cooperation on the issue with the International Organization for Migration (IOM) in 2007. DAS Marciel reiterated the utility of good information exchanges so that the Embassy could report on the positive work being done by the Lao. Noting that the United States and Vietnam had recently signed a repatriation agreement, he said he hoped to discuss the status of Lao citizens facing deportation from the U.S. with the GOL in the future.

¶7. (SBU) Mr. Khamkheuang Bounteum, Director General of the MFA's Treaties and Legal Affairs Department, responded that the GOL was willing to work with the U.S. to fight illegal drugs and TIP. He noted Laos had made progress over the previous year on TIP issues, enacting anti-TIP legislation and amending the penal code to include provisions for the prosecution and prevention of trafficking. According to Khamkheuang, the GOL has recently set up a new hotline for young people that addresses, inter alia, TIP issues. DG Khamkheuang suggested the Embassy contact his department, which oversees a TIP coordination unit, for information. He requested that the USG keep Laos on Tier 2 in recognition of this progress. DG Southam noted the GOL had made major steps in fighting TIP but said that it had not always done a good job of communicating them to the USG.

¶8. (SBU) Ambassador Huso discussed the regional implications of the growing trade in methamphetamines and noted the U.S. could assist with training in areas such as airport security and financial crimes. DG Southam agreed there was scope for additional Lao-U.S. cooperation, noted Laos fully supported UN resolutions on terrorism, and observed that in order to continue the fight against opium and amphetamines, Laos would need continued resources. He said that recent U.S. budget cuts to NAS assistance restrict the ability of Laos to continue its counternarcotics efforts. Southam indicated the U.S. and Laos had previously discussed the possibility of negotiating a repatriation agreement, and accepted the topic as appropriate for renewed bilateral discussions.

Avian Influenza (AI)

¶9. (SBU) DAS Marciel observed that the GOL's rapid and successful reaction to the March 2007 AI outbreak in Vientiane (ref D) had impressed officials in Washington, adding that he looked forward to continued cooperation in this important area. Ambassador Huso described the broad range of U.S. AI assistance provided to Laos and noted that the USG had spent over \$7 million towards fighting AI in Laos. The Ambassador noted that the GOL had received assistance from a wide range of aid sources for AI prevention, including USAID, the Centers for Disease Control, and the U.S. Pacific Command (PACOM) and Pacific Air Forces (PACAF). DG Southam thanked the U.S. for its aid, stated AI was a serious priority for the GOL, and indicated the GOL would continue its cooperation.

UXO

¶10. (SBU) The U.S. and Lao sides discussed the possibility of providing military training assistance to Laos as a means to augment ongoing civilian UXO programs. DG Southam expressed gratitude for the more than \$25 million that the U.S. has provided to Laos since 1996 for UXO removal and stated his hope that this assistance would continue into the future. He noted the terrible human toll that UXO extracts each year, observing that many children are killed or injured when they pick up air-dropped bomblets that litter the ground in contaminated areas. He said that the

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GOL holds the USG primarily responsible for the presence of the munitions, and that the U.S. has a responsibility to assist with UXO clearance until it is completed. Southam noted that current USG assistance to Lao UXO programs flows through a U.S. contractor, Armor Group, and that he hoped that, in the future, the U.S. would consider providing assistance directly from government to government by funding the Lao National UXO Trust.

¶11. (SBU) Somnuk Vorasarn, Deputy Director of the National Regulatory Authority, the Lao agency with oversight of the UXO sector in Laos, pointed out that the U.S. military had in the past provided assistance to the UXO Lao organization for the Lao UXO training center. However, he expressed reservation over any shifting of U.S. assistance from civilian agencies to the Lao military - the primary responsibility for UXO removal, he stressed, remains with civilian agencies. He noted that much of the clearance equipment provided by the U.S. is more than a decade old, and a great deal of it is no longer serviceable. He and Southam both asked for assistance in replacing items that had worn out. After expressing appreciation to the U.S. for providing previously classified bombing reports to Laos, Somnuk said that the GOL had heard that there is additional data available from classified sources in Washington. He expressed the hope that this data might be made available in the future.

¶12. (SBU) The Ambassador clarified that the proposed exchange between U.S. military and Lao military UXO experts was an augmentation to our current UXO programs rather than a replacement for non-military UXO programs, which will continue. He assured the Lao side that all military assistance would be coordinated with the Lao National Regulatory Authority. DAS Marciel expressed appreciation for the GOL's willingness to consider U.S. proposals for expanded assistance to include U.S. military expertise and said that the U.S. would consider the possibility of both government-to-government direct assistance and the replacement of unserviceable UXO clearance equipment. On

the latter point, he urged the GOL officials to keep an open mind on potential sources for assistance, as the funding of U.S. programs changes over time.

USAID programs in Laos--help us help you

¶13. (SBU) Skip Kissinger, Director of the General Development Office within USAID's Regional Development Mission for Asia in Bangkok, described current and future USAID programs in Laos. After touching upon prior USAID assistance to Laos and current efforts to reduce wildlife trafficking and protect tropical forests, Mr. Kissinger focused his comments on economic technical assistance (TA). Nathan Associates, a USAID contractor, recently delivered a workplan for comment and approval to the GOL. The TA project is designed to help Laos implement the Bilateral Trade Agreement (BTA), accede to the WTO, and comply with ASEAN liberalization requirements. Mr. Kissinger urged the GOL to rapidly approve the TA project in order to bolster the case to Washington that USAID should allocate additional economic TA funds to Laos in order to create a program for Laos similar to the STAR program in Vietnam. (Note: The STAR program is a USAID project to implement the U.S.-Vietnam BTA, help Vietnam accede to the WTO, and comply with WTO obligations. End note.) Mr. Kissinger stressed the importance of rapid, tangible results from the TA in order to secure additional funding. DG Southam noted the importance of more TA for Laos on implementing the BTA and mentioned the U.S. should not discriminate when awarding Fulbright scholarships to ASEAN countries. (Note: We believe Mr. Southam was

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referring to an ASEAN-specific Fulbright program. Last year there was only one such scholarship given out ASEAN-wide. End note.)

Trade and Investment--How to attract more of both

¶14. (SBU) Ministry of Industry and Commerce (MIC) representative Ms. Latthana Douangboupha, Deputy Director of the Bilateral Policy Department, observed that bilateral trade was growing but remained small. The BTA, she noted, was a very tough agreement, not understood by many Lao agencies. She said that her Ministry appreciated the USAID proposal for TA on BTA implementation, and that MIC would respond with comments soon. The comments were likely to focus on getting tangible results from the program, she said, in order to avoid the standard donor-sponsored training workshops that tend not to produce concrete results. Specifically, the Ministry is looking for help with new regulations, enforcement, and establishing an information center to better inform businesses.

¶15. (SBU) Noting that investment is another important part of bilateral economic relations, DAS Marciel said attracting more U.S. investment to Laos will require some U.S.-focused success stories; the USG stands ready to help. DG Southam said that all investors are welcome, asserting that the one American company, Friend of the Upland Farmer (ref E), has had problems because it was not in compliance with the law. (Note: At the end of the session, Southam showed a letter to Amb. Huso and DAS Marciel that indicated the problems with provincial authorities faced by another American-owned company, Natural Products International (ref E), are being resolved. End note.) Southam said that, by continuing to exclude Laos from the countries where it operates, Eximbank appears to be treating Laos in a manner inconsistent with the current economic reality and state of relations. DAS Marciel pointed out that the provision blocking Laos from Exim access is based on its designation as a

"Marxist-Leninist" country. The concerned agencies are reviewing the restrictions. DAS Marciel noted that Eximbank loans are demand driven. Exim access will not provide tangible benefits until American companies have specific financing proposals. He reiterated that opaque licensing regulations and overly complicated approval mechanisms make it difficult to create investment success stories that will attract more U.S. investors.

Military to Military

¶16. (SBU) LTC Khamsing So-seng-inh, the Ministry of National Defense's Europe-Americas Director within the MND, s External Relations Department outlined current areas of military-military cooperation. He highlighted the GOL decision to exchange defense attaches in 2008 and noted that the GOL has chosen two fields for training: English language and medical assistance. LTC Khamsing noted the U.S. side had offered two positions for English language training at the Defense Language Institute in San Antonio, and said he expected the MND to be ready to send two candidates by the end of February or early March. According to Southam, the GOL's decision to establish defense attaches is a very important one; it should be realized within 2008. He called this a "good message" the GOL is sending to the USG and said the next step is for the Embassy and the MND to work together to nominate officers to serve as defense attaches.

¶17. (SBU) DAS Marciel called the decision to exchange

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defense attaches "a very positive step" to improve relations and mutual understanding. The USG looks forward to welcoming a Lao defense attach this year and also establishing our own office this year. DG Southam reviewed other military-military steps which have been accomplished during the past year. These include the PACOM-MND bilateral defense talks in January and October 2007 (ref F); the Distinguished Visitors Orientation Tour (DVOT) of MND Permanent Secretary General Sisophon Bangone-sengdet and LTC Khamsing to Washington, DC in June 2007; and sending a number of GOL officials to training at the Asia-Pacific Center for Security Studies (APCSS). Southam added that training in Avian Influenza (AI) preparations (ref G) and possibly UXO removal are part of the "military-military basket."

Governance Issues

¶18. (SBU) DAS Marciel expressed appreciation for the GOL's willingness to discuss religious freedom and other governance issues with the USG. He noted that Lao central government officials have been working with provincial and local officials to make sure that they understand Lao laws regarding religious freedom. He encouraged the GOL to allow the importation of Bibles and urged the GOL to allow additional religious groups to register. Southam said that poor countries like Laos have a different vision on human rights from that of a "superpower." Each country's ideas on human rights are shaped by its own situation. The Lao government fought 30 years ago for its independence and sovereignty, which form the basis of human rights in Laos. The goal is to eradicate poverty and educate the population. With regard to complaints about Christians being arrested, he said, it often turns out that they were arrested not for their religious beliefs but for committing illegal acts. He said that the GOL is committed to good governance, noting that it had passed an anti-corruption law. DAS Marciel agreed that each country's situation is different but emphasized that the Universal Declaration of Human Rights forms the basis of respect for human rights in

all countries.

¶19. (SBU) With regard to the situation of the ethnic Hmong in remote areas, DAS Marciel expressed concern over reports from Hmong-Americans and other sources of human rights violations. Access to accurate information is the key to resolving these reports and broadening U.S. and international understanding of the situation. Southam said that the GOL has a hard time understanding the USG's preoccupation with the Hmong, who are only one of 49 ethnic groups in Laos. Some members of Congress, he asserted, take at face value reports from Hmong-Americans who have never been back to Laos since leaving in the 1970s. He noted that the Lao government has organized trips for diplomats to visit Hmong repatriated from Thailand. Southam said that it is not the policy of the Lao government to kill or harm the Hmong or any other Lao people, adding, "we have no ethnic cleansing." DAS Marciel agreed that the presence of a large Hmong-American population is a factor in U.S. interest, and reiterated that information-sharing is the key to avoiding misunderstandings. Southam noted that the U.S. government has clearly stated that hostile action against the Lao government by American citizens is a violation of U.S. law. He asked DAS Marciel to continue sending this message to the Hmong community in the U.S.

Consular

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¶20. (SBU) DAS Marciel noted that the volume of consular interaction between the USG and GOL is increasing as the volume of travelers in both directions grows. Communication is key to problem-solving. He said that GOL assistance in the case of Ryan Chicovsky, an American who disappeared in Laos in 2006, serves as an example of effective cooperation on a challenging consular issue. DAS Marciel noted that notification of the arrest of American citizens in Laos often takes place late or not at all. When consular access has been granted, it has not always been in a timely manner. Most disturbing are the recent disappearances of several American citizens, about whom little information has been provided by the GOL. DAS Marciel said that information flow is critical, especially in difficult cases, where families in the U.S. are waiting for explanations of what has happened to their relatives.

¶21. (SBU) Southam responded that these are very important issues in the U.S.-Lao relationship and asked for U.S. understanding that not every country is perfect or able to provide complete information in a consistently timely manner. Southam said that communications in Laos remain technically inferior compared to the U.S., delaying information flow. He said that it is GOL policy to cooperate in every case and cited ongoing missing persons investigations and the granting of prison visits. He promised to provide copies of border crossing cards for three missing Hmong-Americans (ref C). (Note: The three were arrested in Laos in late August and have not been seen since. According to the Lao government, which has not acknowledged their arrest, they left Laos for Thailand via the Friendship Bridge in Vientiane at the end of August. The Thai provided copies of the entry documents associated with the individuals but, so far, the Lao have not provided the departure cards. End note.) Southam pointed to the announcement made only that day that one of two convicted Americans would be released shortly as indicative of the GOL's desire to cooperate on consular issues, stating that the individual had been treated far more leniently than was likely elsewhere in Southeast Asia considering the seriousness of his crime. (Note: On January 25, Mr. Houa Yang was deported after convicted of possession of 600 grams of opium. End note.)

Dinner Conversations on Burma and Hmong in Thai refugee
camps

¶22. (C) At the beginning of the dialogue, DG Southam proposed moving regional issues to the end of the agenda, but closed the dialogue before this discussion took place, seemingly preferring a more private discussion. This took place during the dinner following the dialogue, which the Ambassador hosted. Emphasizing the U.S. interest in stability, DAS Marciel requested that the GOL inform the Burmese Government that regime change there is not U.S. policy and that the U.S. believes the Burmese regime's refusal to open a dialogue with representatives of the Burmese people such as Aung San Suu Kyi and the National League for Democracy (NLD), who had already won a fair election overseen by the military regime itself, would lead to increased instability. DG Southam's response encapsulated Lao policy: Laos does not believe in sanctions and avoids interference in other countries' internal affairs. He did note that the GOL supports the Gambari mission and that Gambari had asked the GOL to convey a message to the Burmese government on the importance of cooperating with the United Nations, which the GOL had done. In a separate part of the conversation, DG Southam told DAS Marciel that the GOL believes it is its responsibility to accept Lao Hmong in Thailand back into Laos, but that the GOL was not opposed to Thailand seeking

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third country resettlement for the Hmong currently in camps in Thailand's Nong Khai and Petchabun provinces.

Comment

¶23. (C) The dialogue was a step forward in the improving U.S.-Lao relationship. While not all of the non-MFA participants spoke, their presence (especially that of representatives of the Ministry of Public Security) was an encouraging development. DG Southam had clearly looked for, and found, specific deliverables to bring to the dialogue. These included the decision to offer visas for Lao-Americans valid for 3 months, rather than the standard 30 day validity for other Americans, and an announcement that a land law revision is under consideration which would allow Lao-Americans to return and buy property. He also urged Ambassador Huso to continue to speak to Hmong groups in the U.S. (as he has already done once) and offered to arrange for the Ambassador to visit Hmong resettlement villages. Finally, the day prior to the dialogue, JPAC was given permission to work in Huaphan province, resolving a long impasse. The permission appears to have been achieved by MFA and MND officials meeting the provincial administration and was brokered by Southam's direct intervention with the Governor.

¶24. (U) DAS Marciel cleared on this message.

Huso